

REGULATION 6

ACCOUNTING REGULATIONS

- 6.010 Definitions.
- 6.020 Board audit procedures.
- 6.030 Procedure for reporting and paying gaming taxes and fees.
- 6.040 Accounting records.
- 6.045 On-line slot metering systems.
- 6.050 Records of ownership.
- 6.060 Record retention; noncompliance.
- 6.070 Standard financial statements.
- 6.080 Audited financial statements.
- 6.090 Internal control for Group I licensees.
- 6.100 Internal control procedures for Group II licensees.
- 6.105 Internal controls for operators of inter-casino linked systems.
- 6.115 Uncollected baccarat commissions.
- 6.110 Gross revenue computations.
- 6.120 Treatment of credit for purposes of computing gross revenue.
- 6.125 Treatment of credit instrument upon conclusion of gaming operation.
- 6.130 Mandatory count procedure.
- 6.140 Handling of cash.
- 6.150 Minimum bankroll requirements.
- 6.160 Extension of time for reporting.
- 6.170 Petitions for redetermination; procedures.
- 6.180 Claims for refunds; procedures.

6.010 Definitions. As used in this regulation:

1. Unless otherwise specified, "chairman" means the chairman of the state gaming control board or his designee.

2. "Business year" means the annual period used by a licensee for internal accounting purposes.

3. "Electronic transfer" means the transmission of money as described in NRS 463.01473, or data via an electronic terminal, a telephone, a magnetic tape or a computer and a modem to the state gaming control board or the Nevada gaming commission.

4. "Fiscal year" means a period beginning on July 1st and ending June 30th of the following year.

5. **[Effective on 7/01/04]** "Group I licensee" defined.

(a) "Group I licensee" means either:

(1) A nonrestricted licensee having gross revenue of \$3,305,000 or more for the 12 months ended June 30th each year; or

(2) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts \$55,077,000 or more in wagers during the 12 months ended June 30th each year.

(b) Once a nonrestricted licensee qualifies as a "Group I licensee" pursuant to the definitions contained within this section, it shall remain a "Group I licensee" in subsequent years. This "Group I licensee" designation shall continue unless cancelled in writing by the chairman or his designee, even if the increase or decrease in the Consumer Price Index as provided for in section 7 would otherwise cause the licensee's designation to change to a "Group II licensee."

5. **[Effective on 7/01/05]** "Group I licensee" defined.

(a) "Group I licensee" means either:

(1) A nonrestricted licensee having gross revenue of \$5,000,000 or more for the 12 months ended June 30th each year; or

(2) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts \$56,289,000 or more in wagers during the 12 months ended June 30th each year.

(b) Once a nonrestricted licensee qualifies as a "Group I licensee" pursuant to the definitions contained within this section, it shall remain a "Group I licensee" in subsequent years. This "Group I licensee" designation shall continue unless cancelled in writing by the chairman or his designee, even if the increase or decrease in the Consumer Price Index as provided for in section 7 would otherwise cause the licensee's designation to change to a "Group II licensee."

6. **[Effective on 7/01/04]** "Group II licensee" defined. "Group II licensee" means either:

(a) A nonrestricted licensee having gross revenue of less than \$3,305,000 for the 12 months ended June 30th each year; or

(b) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts less than \$55,077,000 in wagers during the 12 months ended June 30th each year.

6. **[Effective on 7/01/05]** "Group II licensee" defined. "Group II licensee" means either:
- (a) A nonrestricted licensee having gross revenue of less than \$5,000,000 for the 12 months ended June 30th each year; or
 - (b) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts less than \$56,289,000 in wagers during the 12 months ended June 30th each year.
7. The amounts of annual gross revenue provided for in subsections 5 and 6 shall be increased or decreased annually in an amount corresponding to the percentage of increase or decrease in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding year. On or before June 15 of each year starting with the year 2000, the commission shall determine the amount of the increase or decrease required by this subsection, establish the adjusted amounts of annual gross revenue in effect for the succeeding fiscal year and amend subsections 5 and 6 so that they properly reflect these amounts.
8. "Operator" means any person or entity holding a license to operate an inter-casino linked system in Nevada, a person or entity holding a license to operate a slot machine route that operates an inter-casino linked system for slot machines only, or a person or entity holding a license to operate a nonrestricted gaming operation that operates an inter-casino linked system for affiliates.
9. "Statements on auditing standards" means the auditing standards and procedures published by the American Institute of Certified Public Accountants.
10. "Statements on standards for accounting and review services" means the standards and procedures published by the American Institute of Certified Public Accountants.
11. "Statistical drop" means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips or tokens issued at a table to a patron for currency, credit instruments or rim credit.
12. "Statistical win" means the dollar amount won by the licensee through table play.
- (Adopted: 10/87. Amended: 2/88; 12/91; 11/96; 5/00; 11/01; 11/02; 5/03; 11/03; 11/04. Effective 5/22/03 except (5) and (6) as noted.)

6.020 Board audit procedures.

1. The board shall organize and maintain an audit division and a tax and license division whose authority it shall be:
- (a) To conduct periodic audits or reviews of the books and records of nonrestricted licensees;
 - (b) To review the accounting methods and procedures used by licensees;
 - (c) To review and observe methods and procedures used by licensees to count and handle cash, chips, tokens, negotiable instruments, and credit instruments;
 - (d) To examine the licensees' records and procedures in extending credit, and to confirm with gaming patrons the existence of an amount of debt and any settlement thereof, unless the licensee requests that the debt or settlement not be confirmed;
 - (e) To examine and review licensees' internal control procedures;
 - (f) To examine all accounting and bookkeeping records and ledger accounts of the licensee or a person controlling, controlled by, or under common control with the licensee;
 - (g) To examine the books and records of any licensee when conditions indicate the need for such action or upon the request of the chairman or the commission; and
 - (h) To investigate each licensee's compliance with the Gaming Control Act and the regulations of the commission.
2. The audit division shall conduct each audit in conformity with the statements on auditing standards. The audit division shall prepare an appropriate report at the conclusion of each audit and shall submit a copy of the report to the board.
3. At the conclusion of each audit, the audit division shall review the results of the audit with the licensee. The licensee may, within 10 days of the review, submit written reasons why the results of the audit should not be accepted. The board shall consider the submission prior to its determination.
4. When the audit division or tax and license division finds that the licensee is required to pay additional fees and taxes or finds that the licensee is entitled to a refund of fees and taxes, it shall report its findings, and the legal basis upon which the findings are made, to the board and to the licensee in sufficient detail to enable the board to determine if an assessment or refund is required.
- (Adopted: 10/87. Effective: 1/88.)

6.030 Procedure for reporting and paying gaming taxes and fees.

1. Taxes and fees required under chapter 463 or 464 of NRS and all reports relating thereto must be received by the board not later than the due date specified by law, except that the taxes, fees, and reports shall be deemed to be timely filed if the licensee demonstrates to the satisfaction of the board that they were deposited in a United States post office or mailbox, with